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FISCAL IMPACT STATEMENT

LS 6698

BILL NUMBER: HB 1382

NOTE PREPARED: Jan 9, 2009

BILL AMENDED:

SUBJECT: Insurance Coverage for Clinical Trials.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires coverage for certain services related to clinical trials under a state employee health plan, the state Medicaid program, a policy of accident and sickness insurance, and a health maintenance organization contract.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *State Employee Health Plan.* As of October 2008, the state enrolled 30,982 state employees in benefit plans from Anthem and Wellborn. Providing coverage for certain services related to clinical trials would result in estimated additional premiums for the two plans of \$353,000 to \$442,500.

This increase may not necessarily imply additional budgetary outlays since the state's response to increased health benefit costs may include (1) greater employee cost-sharing in health benefits; (2) reduction or elimination of other health benefits; and (3) passing costs onto workers in the form of lower wage increases than would otherwise occur. It is unknown at this time if the state would cover added costs or pass the costs on to employees.

Medicaid: The Indiana Medicaid program currently allows for the reimbursement of routine costs of care incurred within approved clinical trials. The current policy, which is modeled on the Medicare policy, is not limited to the treatment of cancer. The provisions of this bill appear to fall within the Medicare guidelines and should have no impact on expenditures in the Medicaid program.

Background Information.

Anthem: Anthem reports that to add the coverage would result in an increase of \$0.80 - \$1.05 per employee per month. As of September 2008, 29,578 state employees were enrolled in an Anthem program. Assuming continued participation at the current rate and applying the \$0.80 - \$1.05 increase per member per month would result in an increase of \$23,662–\$31,056 per month with an annual increase of \$283,944 to \$372,682.

Welborn: Welborn HMO reports that to add coverage would result in an increase of \$4.14 per employee per month. Welborn has an enrollment of 1,404 employees. Assuming continued participation at the current rate and applying the \$4.14 increase per member per month would result in an increase of \$5,812 per month with an annual increase of \$69,750.

Medicaid: In 2000, the Office of Medicaid Policy and Planning (OMPP) began following Medicare’s guidelines to reimburse for routine costs and complications of clinical trials. Medicaid covers the routine costs of approved clinical trials as well as reasonable and necessary items and services used to prevent complications and to diagnose and treat complications arising from participation in all clinical trials. Routine costs include items and services that would otherwise be covered by Medicaid if they were not provided in a clinical trial. The investigational items or services of the clinical trial that are experimental or investigational are not considered routine costs involved in the trial and are not covered by Medicaid.

Explanation of State Revenues:

Explanation of Local Expenditures: Local government groups enrolled in the Local Unit Government Employees (LUG) health plan may experience increased costs. LUG participants have the same benefits as state employees, but are part of a separate risk pool. For 2008, there were 22 local government groups enrolled covering about 105 employees.

In addition, school corporations and local governments purchasing health benefit coverage on their own could incur increased premiums. The specific impact is indeterminable, but would depend on current health care coverage. It is unknown if local units would cover this cost or pass the cost on to employees, as cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local governments and school corporations.

Information Sources: Christy Tittle, Benefits Director, Department of Personnel, 317-232-3241, “Indiana Medicaid Medical Assistance Program Medical Policy Manual”, 1/31/2007, OMPP, FSSA at: http://www.indianamedicaid.com/ihcp/misc_pdf/medical_policy_manual.pdf.

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